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Message Text

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PAGE 01 SEOUL 00480 210816Z

11
ACTION XMB-07

INFO OCT-01 EA-11 ISO-00 AGR-20 AID-20 CIAE-00 COME-00

EB-11 FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 OPIC-12

SPC-03 CIEP-02 LAB-06 SIL-01 OMB-01 L-03 DRC-01 /112 W
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R 210730Z JAN 74
FM AMEMBASSY SEOUL
TO SECSTATE WASHDC 2127
INFO AMEMBCONSUL HONG KONG

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FOR EXIMBANK

E.O. 1752: N/A
TAGS: BEXP, EFIN, BMEP, KS
SUBJ: EXIMBANK VICE PRESIDENT RAND VISIT - STATUS OF SEVENTH FERTILIZER PLANT

1. DURING EXIM VICE PRESIDENT RAND'S JANUARY VISIT TO SEOUL, REPRESENTATIVES KOREA GENERAL CHEMICAL COMPANY (KGCC) DISCUSSED STATUS COMPANY'S INTEREST IN EXIM FINANCING FOR SEVENTH FERTILIZER PLANT AT YOSU. COMPANY REPS SAID THEY WILL BE IN WASHINGTON

JANUARY 24 TO EXPLAIN TO EXIM'S DOUG SMITH SUBSTANTIALLY INCREASED PROJECT COSTS OCCASIONED BY INCREASED CAPACITIES, IMPROVED DEFINITION OFFSITE FACILITIES AND PRICE ESCALATION.

2. KGCC NOW HAS EXIM PRECOMMITMENT FOR $100 MILLION WHICH IS VALID BY THREE-MONTH SSTENSION TO MARCH 31. TO COVER COST INCREASE, KGCC WILL BE SEEKING NEW INCREASED EXIM PRECOMMITMENT FOR $144 MILLION IN ADDITION TO $12 MILLION BEING SOUGHT FROM JAPANESE EXIM BANK TO COVER JAPANESE EQUIPMENT PORTION OF PROJECT. COMPANY OFFICIALS WILL BRING TO WASHINGTON INFORMATION COVERING INCREASE AS WELL AS ALL INFORMATION REQQRSTED BY EXIM AT TIME OF ISSUANCE OF PREVIOUS PRECOMMITMENT. FLOUR OFFICIALS HAVE TOLD EMBASSY
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PAGE 02 SEOUL 00480 210816Z

THAT, ONCE NEW PRECOMMITMENT IS ISSUED, THEY WILL PROCEED TO PREP-

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ARE FINAL PROJSGT AT OWN RISK AND ON BASIS OF LETTER OF INTENT
(TO BE SIGNED SHORTLY).

3. EMBASSY COMMENT: FLOUR HAS FOUGHT HARD FOR THIS CONTRACT
AGAINST STIFF JAPANESE COMPETITION. AT SAME TIME U.S. COMPANY HAS
BEEN GIVEN EVERY ADVANTAGE BY KGCC WHICH FULLY APPRECIATES U.S.
QUALITY AND HAS BALANCED THIS AGAINST SUBSTANTIAL INCREASE IN COST
OF FLOUR'S SERVICES OVER COST ORIGINALLY BID. DURING HIS VISIT,
RAND RECEIVED HIGH-LEVEL KOREAN GOVERNMENT EXPRESSIONS OF PRIORITY
WHICH STTACHES TO THIS PROJECT.
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Message Attributes

Automatic Decaptioning: X
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Decaption Date: 01 JAN 1960
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Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
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Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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To: STATE
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